FREQUENTLY ASKED QUESTIONS

COMPLETION AND SUBMISSION OF CSV e@syFile^{TM} EMPLOYER AND ZIPCENTRALFILE RECONCILIATION DOCUMENTS

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1 PURPOSE

• The purpose of this document is to provide answers to frequently asked questions by employers in respect of creating CSV data files and submitting ZipCentralFiles containing biannual and annual reconciliation data.

2 SCOPE

• The target audience is computerised employers who have access to a personal computer and use the software application provided by SARS to –

  ▫ Issue the IRP5/IT3(a) Employees Tax Certificates to their employees;
  ▫ Complete the biannual and annual EMP501, EMP601 and / or EMP701; and
  ▫ Submit the data in respect of IRP5/IT3(a) Employees Tax Certificates together with the completed EMP501, EMP601 and / or EMP701 to SARS.

3 REFERENCES

3.1 LEGISLATION

TYPE OF REFERENCE	REFERENCE
Legislation and Rules Administered by SARS:	**Fourth Schedule to the Income Tax Act No. 58 of 1962**: Section 65, 66(7A), Paragraphs 13, 14 and 30. **Income Tax Act No. 58 of 1962**: Section 69(1)(a)
Other Legislation:	None
International Instruments:	None

3.2 CROSS REFERENCES

DOCUMENT NUMBER	DOCUMENT TITLE	APPLICABILITY
AS-PAYE-05	Guide For Employers In Respect Of Employee's Tax	All
AS-PAYE-05-G2	Guide for Employers in respect of Fringe Benefits	All
AS-PAYE-05-G3	Guide for Employers in respect of Allowances	All
AS-PAYE-13	External Policy: Issuing And Submission of Reconciliation Documents	All
AS-PAYE-13-G1-A1	1999 Format Employees Tax Certificates	All
AS-PAYE-13-G1-A2	2008 Adobe Format Employees Tax Certificates	All
AS-PAYE-13-G1-A3	2010 Adobe Format Employees Tax Certificates	All
AS-PAYE-13-G2-A1	IRP501 – Reconciliation of Tax Deductions and Certificates	All

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4   DEFINITIONS AND ACRONYMS

4th Schedule	• Fourth Schedule to the Income Tax Act
Alternate period	• A period, whether of 12 months or not, commencing on the day following the last day of the preceding alternate period in relation to the employer and ending on a date falling not more than 14 days before or after the last day of February
Approved electronic medium	• For purposes of submitting electronic data information to SARS: ▫ CD; and ▫ USB memory devices.
Assessment year	The tax year during which the income reflected on the IRP5/IT3(a) certificate has accrued to the employee
Biannual EMP501	• An administrative process at a point in time which is not subject to the same legal requirements as that of the annual twelve-month reconciliation. The biannual reconciliation is a six-month reconciliation for the period 1 March to 29 August, and does not require the splitting of SITE and PAYE or the issuing of Employee Income Tax Certificates to employees.
CD	• Compact disc
Commissioner	• The Commissioner for the South African Revenue Service
Computerised employer	• Employer with a personal computer (PC) on which the e@syFile™ software is installed.
CSV file	• Comma Separated Value file which is created by electronic means
e@syFile™	• Software package supplied by SARS which has the functionality to create reconciliation documents in the prescribed formats and produce an electronic file in ZipCentralFile format for submission purposes
Electronic certificate	• IRP5/IT3(a) certificates created by a payroll package in the format as prescribed by SARS or created by the software application provided by SARS to the employer
Electronic data information	• Data file created by the software application provided by SARS which consists of the EMP501 reconciliation data and the IRP5/IT3(a) certificate data
Employee	• An employee for employees' tax purposes is defines as — ▫ A natural person who receives remuneration or to whom remuneration accrues ▫ A person (including a company) who receives remuneration or to whom remuneration accrues by reason of services rendered by such person to or on behalf of a labour broker ▫ A labour broker ▫ A person or class or category of persons whom the Minister of Finance by notice in the Government Gazette declares to be an employee ▫ A personal service provider ▫ A director of a private company • An employee for taxable benefit purposes is defined as any person who receives remuneration or to whom remuneration accrues and includes any director of a company but excludes persons who retired before 1 March 1992 except for purposes of the provisions which deal with the payment of an employee's debt or the release of an employee from an obligation to pay a debt
e-mail	• Electronic mail
Employee Tax Certificate	• A certificate in the form prescribed by the Commissioner which shows the remuneration paid or payable to the employee/former employee by the employer, and the full amount of employees' tax deducted or

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	withheld by the employer.
	
	• The Employee Income Tax Certificate format is prescribed on the:
	  ▫ IRP5 and IT3(a) form applicable for the pre-2008 format; and
	  ▫ IRP5/IT3(a) form applicable for the 2010 format.

Employer	• Any person who pays or is liable to pay to any person any amount by way of remuneration and any person responsible for the payment of any amount by way of remuneration to any person under the provisions of a law or out of public funds or out of funds voted by parliament or Provincial Council. This definition excludes any person not acting as a principle, but includes any person acting in a fiduciary capacity or in his / her capacity as trustee in an insolvent estate, an executor or an administrator of a benefit fund, pension fund, pension preservation fund, provident fund, provident preservation fund, retirement annuity fund or any other fund
Excl	• For the purpose of income codes, means that the specific income is not taxable for employees' tax and is also not taxable on assessment
Income	• For the purpose of income codes, the word income does not refer to definition in the Income Tax Act
IT	• For the purpose of income codes, means that the specific income is not subject to the deduction of employees' tax but is taxable on assessment
Manual certificate	• IRP5/IT3(a) employees' tax certificate pre-printed and issued by SARS on the request of an employer
Manual employer	• Employer completing EMP501 and IRP5/IT3(a) certificates manually and do not create the relevant information with a PC which has the SARS software package installed

Nature of Person	• Nature of person in respect of an employee includes:
	
	  ▫ A for an individual with an identity or passport number
	  ▫ B for an **individual** without an identity or passport number
	  ▫ C for a **director** of a private company or **member** of a close corporation
	  ▫ D for a **trust**
	  ▫ E for a **company** or a **close corporation**
	  ▫ F for a **partnership**
	  ▫ G for a **corporation**
	  ▫ H for a **personal service provider**
	  ▫ N for a **pensioner** (e.g. member, former member or beneficiary of a member or former member) receiving a pension (including any lump sum or annuity payable by a fund in consequence of membership or past membership, etc.)

PAYE	• For the purpose of income codes this means that the specific income is subject to the deduction of employees' tax
PC	• Personal computer
Prescribed electronic file	• The electronic file created by the e@syFile™ software application in ZipCentralFile format.
Revised EMP501	• An EMP501 reconciliation completed after the previous completed EMP501 reconciliation has been rejected by SARS
Reconciliation	• The process through which an employer submits all applicable reconciliation documents to SARS for processing purposes

Reconciliation declaration	• The EMP501 or EMP701 declaration form on which the following are declared by an employer:
	
	  ▫ PAYE, SDL and UIF liabilities with associated payments; and
	  ▫ IRP5/IT3(a) total tax values.

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	• Net effect of setting-off payments made against the liabilities

Reconciliation documents	• Reconciliation documents include:
	
	   ▫ Manual employees' tax certificates;
	   ▫ Manual reconciliation declarations; and
	   ▫ Manual EMP601 form.
	
	• The electronic data ZipCentralFile consisting of employees' tax certificates, reconciliation declaration and / or EMP601 information

SARS	• South African Revenue Service
Tax year	• Starting on 1 March of each year and ending on 28 February the next year
Transaction Year	• The tax year during which the employer deducted and paid employees' tax in respect of remuneration paid or payable to an employee. This could include employees' tax on remuneration which under certain circumstances accrued during a previous tax year.
ZipCentralFile	• The electronic data consisting of employees' tax certificates, reconciliation declaration and / or EMP601 information

5 FREQUENTLY ASKED QUESTIONS

QUESTION	ANSWER
What is a CSV file?	• CSV files are normally created from the information in the payroll and would contain all the relevant information of each employee for the creation of an employees' tax certificate.

How does the employer use e@syFile software?	• The following steps must be followed when the e@syFile™ software is used:
	
	• Import the payroll system electronic data (CSV file) into e@syFile™ (only in instances where there is an electronic CSV file):
	
	   ▫ Capture all manual IRP5/IT3(a) certificate information on e@syfile™;
	   ▫ Capture the liability and payment information on the EMP501 on e@syFile™;
	   ▫ Generate the encrypted file which contains the IRP5/IT3(a) certificate information processed on e@syFile™ as well as all relevant reconciliation declarations (the electronic data ZipCentralFile consisting of employees' tax certificates, reconciliation declaration and / or EMP601 information); and
	   ▫ Submit the ZipCentralFile to SARS on an approved medium

What are file formats that SARS will accept for submitting EMP501 reconciliation declaration?	• SARS will only accept the ZipCentralFile generated by the software e@syFile™ for Employers.
How can the e@syFile™ software or user manual be obtained?	• The software is available on a CD and cannot be sent to an employer via an email due to the capacity of the software. The user manual is incorporated into the software and can only be downloaded from the SARS eFiling website by selecting the relevant "User manual" button.
How do I (employer) create a backup or restore my backup	• Creating a backup on e@syFile™:

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QUESTION	ANSWER
when I update to a new e@syFile™ version?	▫ A backup must be made after every submission to SARS and before updating or reinstalling the software. The relevant system option to backup, merge and restore is available under the Utilities menu in the software. • Restore a backup on e@syFile™: ▫ The backup done on older versions of e@syFile™ can be restored on new versions of e@syFile™. This will ensure a smooth transition from the old to the new version of e@syFile™. It will further ensure that data captured on a previous version will be accessible in the new version. Please ensure that when new software is installed, the database is restored and not merged as the EMP501 format is not imported when the merge option is used.
How does the employer submit certificates issued to an employee earning under the tax threshold if he / she is not registered for PAYE?	• You are required to issue a tax certificate to the employee who received remuneration or to whom remuneration accrued during the relevant tax year. • Although no employees' tax will be reflected on the certificate, the reconciliation must still be submitted indicating a zero liability. You will be required to issue IRP5/IT3(a) certificates to employees. The reference number that must be used on the relevant reconciliation documents for submission purposes should be the Income Tax reference number of the employer.
When does the employer need to sign the EMP501, EMP601 or EMP701 declarations?	• The employer has to submit a signed EMP501 / 601 / 701 with every electronic media submission made to SARS as part of the reconciliation submission unless the employer submits via eFiling in which case the certificates do not have to be sent to SARS. • The process of submitting your reconciliation via eFiling includes the capturing of your electronic signature resulting in the submission of a legally binding declaration.
How does the employer use e@syFile software?	• If you are using e@syFile™ Employer, follow these steps: ▫ Import the payroll system electronic data (CSV file) into e@syFile™ Employer (only in instances where there is an electronic CSV file); ▫ Capture all manual IRP5/IT3(a) certificate information on e@syfile™ Employer; ▫ Capture the liability and payment information on the EMP501; ▫ Generate the encrypted file which contains the IRP5/IT3(a) certificate information processed on e@syFile™ Employer, as well as all relevant reconciliation declarations (the electronic data ZipCentralFile consisting of all Employee Tax Certificates, the reconciliation declaration and / or EMP601 and EMP701 where applicable); and ▫ Submit the ZipCentralFile to SARS on an approved medium.
What file formats will SARS accept for the submission of an EMP501 reconciliation declaration?	• SARS will only accept the ZipCentralFile generated using the latest e@syFile™ Employer software.

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QUESTION	ANSWER
How can the e@syFile™ Employer software or user manual be obtained?	• The software is available on a CD. It cannot be sent to an employer via email due to the size of the software. • The user manual is incorporated in the software and can also be downloaded from www.sarsefiling.co.za by selecting the relevant user manual button.
How do I (employer) create a backup or restore my backup when I update to a new version of e@syFile™ Employer?	• Creating a backup on e@syFile™ Employer: 　□ A backup must be made after every submission to SARS and before updating or reinstalling the software. Access the backup, merge and restore options under the Utilities menu on e@syFile™ Employer. • Restore a backup on e@syFile™ Employer: 　□ The backup done on older versions of e@syFile™ Employer can be restored on new versions of e@syFile™ Employer. This will ensure a smooth transition from the old to the new version of e@syFile™ Employer. It will also ensure that data captured on a previous version is accessible in the new version. Please ensure that when the new software is installed, the database is restored and not merged as the EMP501 format will not be imported if the merge option is used.
When does the employer need to sign the EMP501, EMP601 or EMP701 declarations?	• SARS will not accept manual reconciliation documents with an electronic data file as the employer has the obligation to capture his / her manual IRP5/IT3(a) certificates in e@syFileTM Employer before creating the reconciliation electronic data file (i.e. ZipCentralFile). • Unsigned declaration will be regarded as not submitted. • The process of submitting your reconciliation via eFiling includes the capturing of your electronic signature. This results in the submission of a legally-binding declaration.
What is the difference between a CSV file and a ZipCentralFile, and how are they created using e@syFile™ Employer?	• The file format CSV means "Comma separated value". The ZipCentralFile is electronic data consisting of Employees Tax Certificates, the reconciliation declaration and / or EMP601 and EMP701). • Apart from the file format, the main differences between the CSV and ZipCentralFile are: 　□ CSV files are created by the employer electronic payroll package / software and can be opened by any spreadsheet or text editor programme. 　□ ZipCentralFile is created by the e@syFileTM Employer software package and contains secure data which cannot be viewed on any spreadsheet / text editor programme.
Is there any specific structure with regard to the CSV file for the biannual reconciliation?	• The record structure of the CSV file is as follows: 　□ Employer demographic header record 　□ Employee demographic and financial information records for all tax certificates 　□ Employer totals trailer record. • Each CSV file may only contain tax certificate information for one employer

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QUESTION	ANSWER
	• The CSV file for an employer may contain the tax certificates of employees with a 'year of assessment' prior to the 'transaction year'.

6   DOCUMENT MANAGEMENT

Designation	Name / Division
Business Owner:	GE Enterprise Business Enablement
Policy Owner:	GE Enterprise Business Enablement
Author:	Charmaine Kgoedi
Detail of change from previous revision:	Modernisation changes – the submission of biannual reconciliation declaration.
Template number and revision	POL-TM-12 - Rev 4

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